

City of Detroit

CITY COUNCIL

IRVIN CORLEY, JR.
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ANNE MARIE LANGAN
ASSISTANT FISCAL ANALYST
(313) 224-1078

TO: COUNCILMEMBERS

FROM: Irvin Corley, Jr., Director *IC*
Anne Marie Langan, Deputy Director *aml*

DATE: May 31, 2007

RE: Southwest Detroit Business Improvement District

Council received some information on this project on May 18th and referred it to our office. We attended a meeting on this project last August and had not heard anything further about it until this month.

Background

The ability to allow the creation of Business Improvement Districts is an extension of legislation originally adopted in 1961 (PA 120 of 1961) that allowed for shopping area redevelopment. Specifically, Chapter 2 of the 1961 legislation represents the PA 260 of 2001 legislation allowing for the establishment of a BID in the state of Michigan. Any BID established is considered a public body corporate.

Purpose of a BID

The concept of the BID is to provide a mechanism for property owners and merchants to plan and finance services that will enhance the area where their business is conducted. These enhancements within the BID can include

- Beautification (e.g., planting and maintenance of trees, shrubs, flowers, etc.)
- Security services
- Lighting standards and development
- Promotion of cultural or recreational activities, business development, business recruitment and retention
- Marketing and public relations efforts
- Construction, improving, maintaining park and planting areas
- Construction, improving, maintaining, relocation of sidewalks, street curbing, medians, fountains, and lighting

- Other activity with the purpose of enhancing the economic prosperity, enjoyment, appearance, image and safety of the BID.

The enhancement services provided by the BID are **supplemental to the services, projects and functions of the city or village in which the BID is located.**

Only commercial and industrial property owners can establish a BID under PA 260 of 2001. Residential property owners cannot establish a BID.

How to Establish a BID

Under PA 260, the process to establish a BID requires the development of a plan, approval of the plan by a majority of the property owners at a meeting, submission and approval of the plan by the local legislative body of the plan and associated assessment zone, and requires a second vote of approval by the property owners. This second approval is conducted by mail and requires an approval of 60% of voting owners.

The BID may be funded in whole or in part by assessments on assessable property, as provided in the BID plan. Any assessment under PA 260 is in addition to any taxes or special assessments in existence on assessable property prior to any assessment to fund the BID activities.

The BID is established for a period of seven years and can be dissolved at any time with the vote of more than 50% by the property owners by assessed value. The BID can continue additional seven-year periods based upon approval of 60% of the property owners by assessed value. However, any change of an assessment, or extension of an assessment beyond a seven-year period, must be approved by the local legislative body.

The legislation limits the involvement of the local legislative body to the approval/rejection of the plan and establishment of the assessment area, and requires the inclusion on the board of directors of the BID of a mayoral appointment with confirmation by the council.

After approval of the BID, the local government acts as the collection agency by way of the assessment area of the necessary funds to support the operation of the BID.

Our initial questions for the Southwest Business Association and the Finance Department are as follows:

1. What is the current valuation of the properties in the proposed BID, what is the proposed millage rate for the BID and what does the BID hope to collect in the first year?

2. Does the Finance Department have the staff and the technology to collect this tax and transfer it to the BID? Is the proposed procedure going to have any implementation costs?
3. Will the 1% Administrative fee on the property tax bill apply to this tax as well? How much would be collected and would that cover the city's costs for service?
4. What is the target date for having the vote and implementing this tax?

We would appreciate responses to our questions in one week.

cc: Council Divisions
Theresa Zajac, BID Program Director for SWDBA
Linda Bade, Assessor
Roger Short, Finance Director
Jeff Beasley, Treasurer
Pamela Scales, Budget Director
Douglass Diggs, PDD Director
Alan Levy, PDD Deputy Director
Kandia Milton, Mayor's Office

City of Detroit
CITY COUNCIL

Kenneth V. Cockrell, Jr.
President

Monica Conyers
President Pro Tem

Sheila M. Cockrell
Barbara Rose Collins
Brenda Jones
Kwame Kenyatta
Martha Reeves
Alberta Tinsley-Talaji
JoAnn Watson

May 22, 2007

Ms. Janice M. Winfrey, City Clerk
City of Detroit

Mr. Irvin Corley, Fiscal Analyst
City Council Fiscal Analysis Division

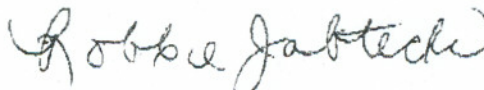
Mr. Marcell Todd, Director
City Planning Commission

**RE: PETITION OF SOUTHWEST DETROIT BUSINESS ASSOCIATION
(#1425), REQUEST FOR FORMALIZATION OF A BUSINESS
IMPROVEMENT DISTRICT; PER STATE OF MICHIGAN PUBLIC ACT
260 OF 2001, IN THE AREA OF WEST VERNOR AND
SPRINGWELLS**

During the Committee of the Whole meeting on May 18, 2007, the City Council received a report from the Planning and Development Department relative to the above-captioned petition. As a result, Council requested it be forwarded to your offices for review and response, as indicated in the attached Clerk's notes.

Please submit your report to the City Clerk's Office by **Friday, June 1, 2007**, as this matter will be a line item on that date.

Sincerely,



Robbie Jabtecki, Senior
City Council Committee Clerk

JMW/kb

Attachment

FRIDAY, MAY 18, 2007 - LINE ITEM #11

PLANNING & DEVELOPMENT DEPARTMENT

KB Submitting report relative to Petition of Southwest Detroit Business Association, (#1425) request for formalization of a Business Improvement District; per State of Michigan Public Act 260 of 2001, in area of West Vernor and Springwells. (Copy given Council)

RECEIVE - COPY TO PETITIONER - (NOTES) - REFER TO FISCAL ANALYSIS, CITY PLANNING COMMISSION, AND THE CITY CLERK - BRING BACK IN TWO WEEKS

B. COLLINS: WE'LL RECEIVE THE REPORT AND COPY TO PETITIONER.

K. COCKREL: I support the Southwest Detroit Business Association bid, but I'd like to be clear on exactly what the timetable is on this coming before us. My understanding is that Council will have to approve this, in the same way that we had to vote on the downtown bid that was rejected a couple of years ago. Secondly, has Fiscal Analysis and City Planning Commission seen the plans for the bid? Are there any issues that we need to be aware of? This involves zoning issues as well as tax issues because the bid is special assessment.

B. COLLINS: WE'LL REFER THIS TO CITY COUNCIL FISCAL ANALYSIS AND CITY PLANNING COMMISSION. WE'LL ASK THAT THIS BE BROUGHT BACK IN TWO WEEKS.

K. COCKREL: Have you received any paperwork on this?

M. TODD: We have not received anything official. We've worked with Southwest Detroit Business Association in an attempt to get the process started. According to the state legislation, the City Clerk is actually responsible for it, and they work in conjunction with the Planning & Development Department. We're actually awaiting the settlement of that process, and there has been some issues of getting an understanding of exactly what the roles are, etc. Generally, our understanding is that the properties involved, and uses thereof, comply with current zoning. They're not looking to make any changes there, so right now it's just a matter of getting an understanding of what the fiscal impact of the bid will actually be with respect to the taxes. So, the Clerk will be responsible for setting up the necessary hearings, and I would assume that you'll schedule that with the President's Office.

B. COLLINS: What about the timetable?

M. TODD: That would come from the City Clerk.

B. COLLINS: MADAM CLERK, WILL YOU TELL THE CITY CLERK THAT WE WANT THAT INFORMATION WITHIN A WITHIN A WEEK OR TWO, AND SHE SHOULD CONFER WITH CITY PLANNING COMMISSION AND FISCAL ANALYSIS.

R. Anderson

NOTE TO COUNCIL:
THIS MATTER WILL BE
BROUGHT INTO COMMITTEE
ON FRIDAY MAY 18 2007

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WWW.CI.DETROIT.MI.US

CITY OF DETROIT
PLANNING & DEVELOPMENT DEPARTMENT

May 1, 2007

Ms. Janice M. Winfrey, City Clerk
200 Coleman A. Young Municipal Center
Two Woodward Avenue
Detroit, MI 48226

**RE: Response to Submission of Petition (Request #1425) to formalize
West Vernor & Springwells BID**

Dear Ms. Winfrey:

Per the State of Michigan legislation, the Business Improvement District (BID) is subject to the approval of the governing body of the municipality within which the proposed business improvement zone is located. Thus, the Planning & Development Department does not have a formal role in the approval of such zone. However, we are enclosing a letter of support developed for Southwest Detroit Business Association (SDBA) showing compliance with the City of Detroit Master Plan of Policies and the Community Reinvestment Strategy for Cluster 5. The SDBA BID is also in keeping with the intent of the traditional mainstreet overlay district standards and guidelines found in the zoning ordinance.

Respectfully,


Alan Levy
Deputy Director, Planning & Development

cc: Council President Kenneth V. Cockrel, Jr.
Council President Pro Tem Monica Conyers
Councilmember Sheila M. Cockrel
Councilmember Barbara Rose Collins
Councilmember Brenda Jones
Councilmember Kwame Kenyatta
Councilmember Martha Reeves
Councilmember Alberta Tinsley-Talabi
Councilmember JoAnn Watson
Martha Winters, Director of Mayor's office of
Neighborhood Commercial Revitalization

DETROIT
CITY CLERK

FRIDAY MAY 18 2007 - RECEIVE - C.T.P. - NOTES
REFER TO FA + CPE - CITY CLERK
BB (2) WRS.
Copy given Council
05-16-07 (FW)

KWAME M. KILPATRICK, MAYOR

CITY OF DETROIT
PLANNING & DEVELOPMENT DEPARTMENT

May 1, 2007

Theresa Zajac
BID Program Director
Southwest Detroit Business Association
7754 W. Vernor Hwy.
Detroit, MI 48209

RE: West Vernor & Springwells BID Application

Dear Theresa Zajac:

As per your request, to assist you in your Business Improvement District (BID) application to the City of Detroit for a formal BID designation, Planning Division staff has reviewed the proposal submitted to the Planning and Development Department. The review is to insure compliance with the City's Master Plan and community revitalization plan.

Proposed Project

It has been determined that your proposal for West Vernor and Springwells consists of the creation of a Business Improvement District (BID) for a seven (7) year period. A BID designation will help to eliminate blight, create a cleaner and safer commercial environment, increase property values, generate more investment dollars into the neighborhood, increase the number of customers, and reduce vacancies.

The proposed boundaries are West Vernor from Clark (on the east) to Woodmere (on the west) and Springwells from I-75 Service Drive (on the south) to West Vernor (on the north). The proposed BID Zone map is attached showing specific address parameters.

Master Plan Compliance

The subject area for the above-referenced project is located within the Southwest Sector, the *Springwells Subsector (309-13)* and the *Vernor-Junction Subsector (309-11)* as defined by the City of Detroit's Master Plan of Policies. The project contributes to the following Master Plan Policies and Goals:

- Take measures to further stabilize the Springwells community through such programs as the commercial area project.
- Increase the vitality of neighborhood commercial areas.
- Develop a Mixed-Use Activity node.
- Improve the appearance of commercial areas.

The proposal is also consistent with the RLC (Residential/Local Commercial) land use shown on the attached *Springwells Subsector (309-13)* and *Vernor-Junction Subsector (309-11)* Future General Land Use maps.

KWAME M. KILPATRICK, MAYOR

Community Revitalization Compliance

The subject area for the above-referenced project is located within the Cluster 5 area as defined by the City's Community Reinvestment Strategy (CRS). The CRS was a community based planning effort with a mission to identify the assets, strengths, land use, and other reinvestment opportunities for individual neighborhoods in Detroit, and to recommend reinvestment priorities for the next five to ten years. The project contributes to the CRS in the following manner:

- Target funds to assist businesses with a good track record in the community.
- Encourage "Clean and Safe" Programs throughout the cluster including "Graffiti-Free" Initiatives, community policing and illegal dumping programs.
- Encourage Reinvestment in areas with a traditional "Main Street" character of development by encouraging the consolidation of viable neighborhood commercial uses in these areas and enhancing the quality of their pedestrian environment.

Staff Comments

Final site plan approval will be made by Planning Division staff.

Compliance with the City's Master Plan of Policies and Community Reinvestment Strategy does not guarantee any funding administered by the City of Detroit.

Attachments

Southwest Sector, Springwells Subsector (309-13) & Vernor-Junction Subsector (309-11) Future General Land Use Maps, West Vernor & Springwells BID Zone Map.

Respectfully,



John Daran,

Executive Manager, Planning Division

JB: SB

Cc: Chidi Nyeche

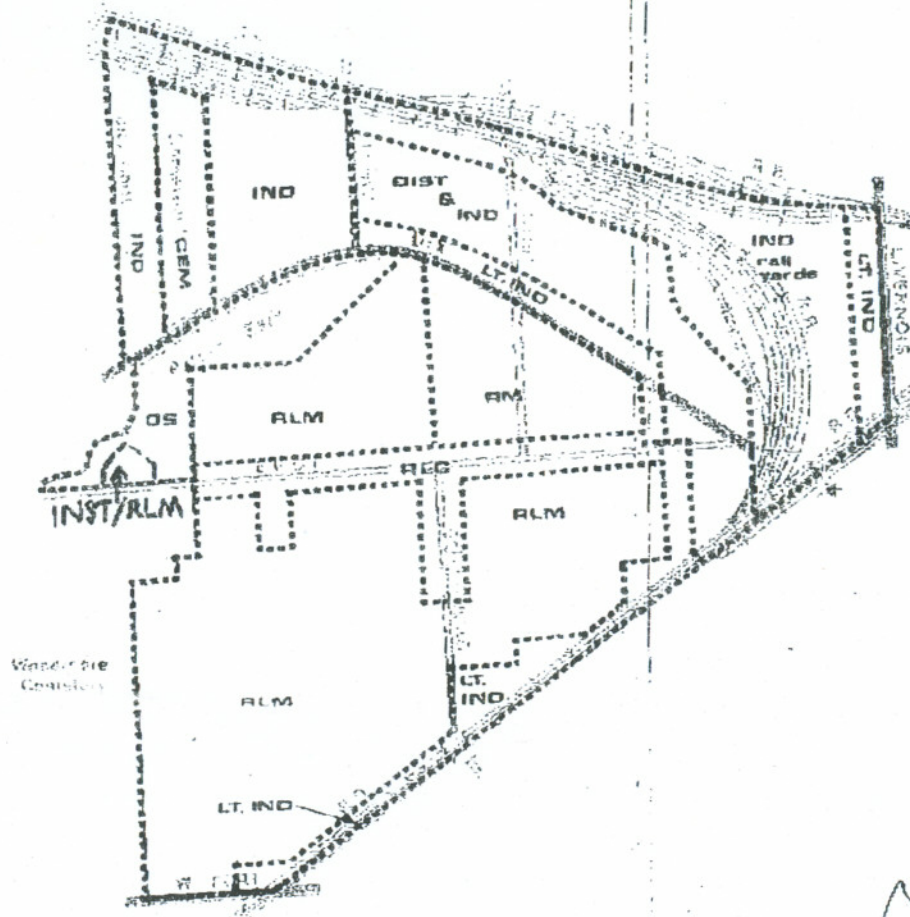
Kim Robinson

Shannon Black

SPRINGWELLS

RECOMMENDED FUTURE GENERAL LAND USE

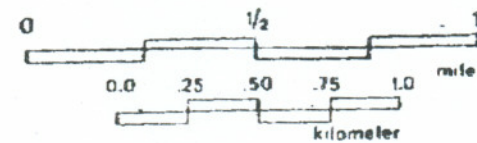
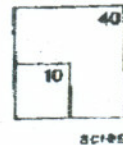
- RL - Low Density Residential
- RLM - Low-Medium Density Residential
- RM - Medium Density Residential
- RH - High Density Residential
- SRC - Special Residential-Commercial
- INST - Institutional
- IND - General Industrial
- LT. IND - Light Industrial
- DIST - Distribution Industrial
- MC - Major Commercial
- SC - Special Commercial
- RLC - Residential/Local Commercial
- GC - General Commercial
- CC - Comparison Commercial
- MUH - Mixed Use Residential
- OS - Open Space
- PORT - Port
- CEM - Cemetery



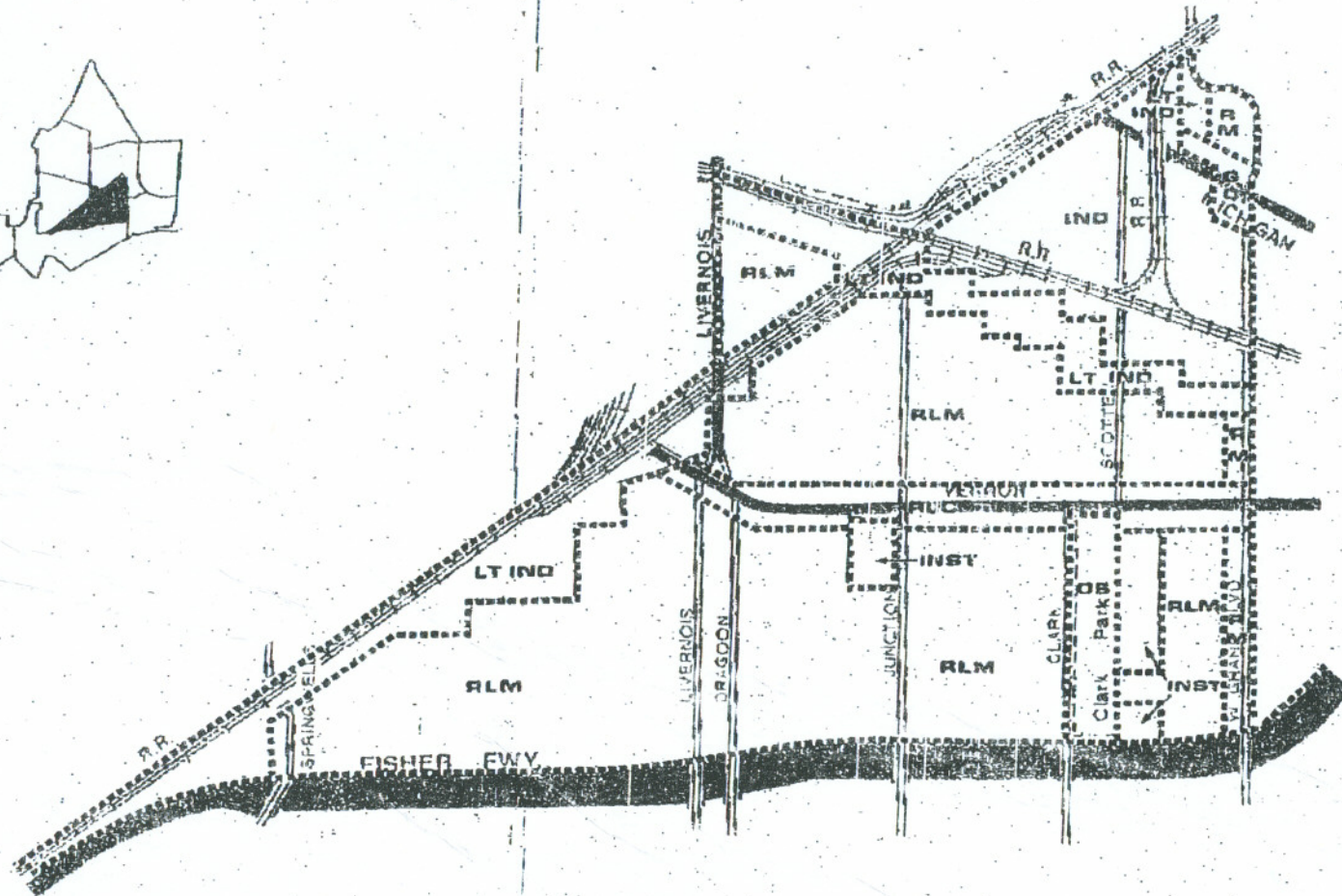
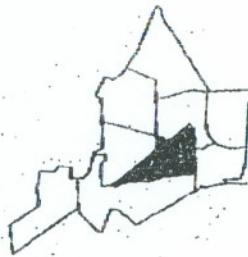
Amended: 7/1/97 (#12)



1 inch = 2000 ft.



SOUTHWEST SECTOR



VERNOR—JUNCTION

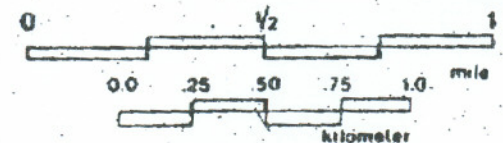
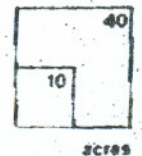
- RL** - Low Density Residential
- RLM** - Low-Medium Density Residential
- RM** - Medium Density Residential
- RH** - High Density Residential
- SAC** - Special Residential-Commercial
- INST** - Institutional
- IND** - General Industrial
- LT. IND** - Light Industrial
- DIST** - Distribution Industrial

RECOMMENDED FUTURE GENERAL LAND USE

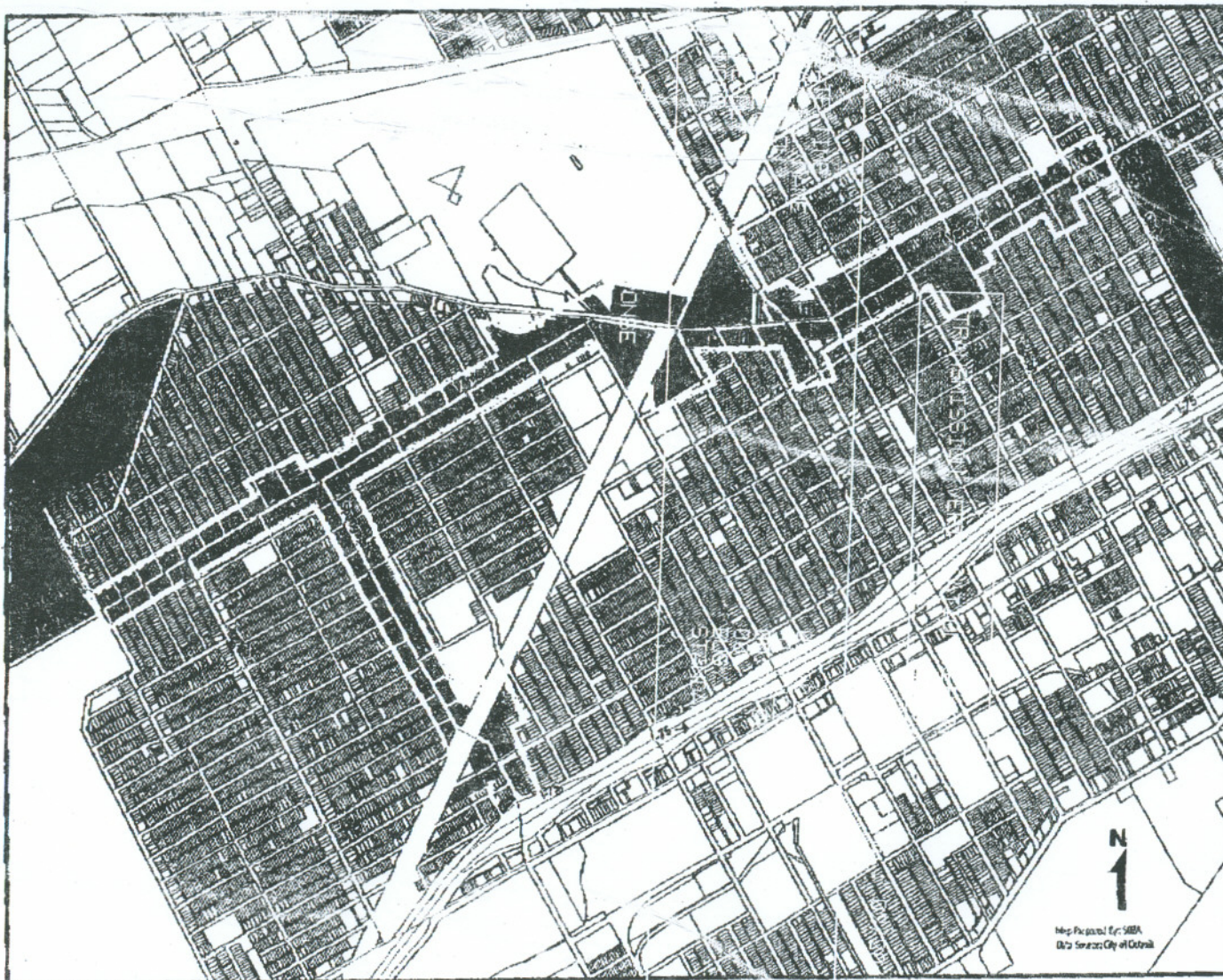
- MC** - Major Commercial
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- GC** - General Commercial
- CC** - Comparison Commercial
- MUR** - Mixed Use Residential
- OS** - Open Space
- PORT** - Port
- CEM** - Cemetery



1 inch = 2000 ft.



SOUTHWEST SECTOR



BUSINESS IMPROVEMENT DISTRICT

Proposed Area for
BUSINESS IMPROVEMENT
DISTRICT

West Vernor Highway from
Woodmere to Clark:
9037 W Vernor to 4415 W Vernor

Springwells from West Vernor
Highway to I-75:
2211 Springwells to 920 Springwells



Map Prepared by: SIBA
Data Sources: City of Detroit